

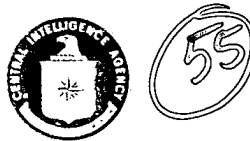
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Central Intelligence Agency



Washington, D. C. 20505

## DIRECTORATE OF INTELLIGENCE

22 October 1985

Senegal: President Diouf's Vulnerabilities [redacted]

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Summary

President Abdou Diouf comes to Washington seeking assurances of strong US support as his pro-Western government wrestles with a difficult IMF austerity program and increasing political tensions. Senegal has been one of Africa's most stable countries since achieving independence from France in 1960, but declining economic conditions threaten to undermine Diouf's moderate 4-year-old regime over the medium to long term. We believe that Diouf's power will eventually erode if rigorous IMF-mandated austerity measures threaten the privileges of influential special interest groups and provoke violent public protests over deteriorating living conditions.

[redacted]

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Moreover, the US Embassy reports that Diouf, as OAU chairman, is under pressure to become more active in southern African affairs and on African debt problems. Diouf has indicated to US officials that he will seek US support for an

This memorandum was requested by Donald Gregg, Assistant to the Vice President for National Security Affairs, Office of the Vice President. The paper was written by [redacted] West Branch, Africa Division of the Office of African and Latin American Analysis. It has been coordinated with the Directorate of Operations. Questions and comments are welcome and may be directed to the Chief, Africa Division, ALA on

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OAU conference on southern Africa this winter and discuss ways of relieving Africa's debt burden while in Washington. [REDACTED]

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### Mounting Economic Problems

Senegal's economic development has been stunted by recurrent drought, a narrow export base, and mismanagement of the country's scarce economic resources. A sluggish market for Senegal's principal exports, peanuts and phosphates, and the high cost of imported oil and food have added to its problems. Domestic borrowing to cover government deficit spending, including huge subsidies to cover farmers' crop losses, has swallowed up local banking resources. Moreover, domestic consumption has consistently exceeded production, creating a resource gap requiring infusions of IMF and other international assistance, as well as frequent debt reschedulings. As a result, Senegal is the largest recipient of foreign aid in francophone Africa. [REDACTED]

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President Diouf understands the need for economic reform, and last April he broke with policies that had been in place since independence by removing government subsidies on some basic consumer goods and initiating steps to liberalize the economy. A number of factors, however, including rapid population growth, spreading desert conditions, and political constraints are slowing the pace of economic reform. [REDACTED]

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### Potential Sources of Opposition

We believe that deteriorating economic conditions have driven Diouf's popularity to its lowest ebb since he took office in 1981. Government officials and powerful interest groups, such as union officials, and religious leaders, are likely to obstruct implementation of reforms that threaten their privileges. Although Senegalese reaction to increasing austerity so far has been largely non-violent, we believe that patience may be wearing thin among key constituencies.

The Military. The 14,500-man military, the only force capable of removing the present government, has traditionally stayed out of politics and its conservative posture, self-restraint, discipline, and effectiveness have made it a key asset for Diouf, according to US Embassy reports. Nevertheless, the loyalty of the armed forces could erode if the economy continues to decline. [REDACTED]

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[redacted] According to Embassy and press reports, both the President's wife and step-daughter are deeply involved in lucrative business dealings, although we have no evidence that Diouf himself is involved. [redacted] many officers see no alternative to an eventual military takeover if corruption and economic deterioration continue. [redacted] the editor of an independent journal was arrested in August because he planned to expose the alleged malfeasance and influence peddling, [redacted] While we have no evidence of organized opposition among the armed forces, we believe continuance of these sources of discontent could eventually convince the military to intervene. [redacted]

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The Muslims. According to US Embassy reports, Diouf is trying to regain popular support by increasing price incentives to farmers and reducing subsidies to middlemen. We believe, however, that these moves risk alienating the influential Islamic brotherhoods that control agricultural trade and benefit from established policies. The most powerful Muslim brotherhood, the Muridiya, which speaks for some 1.5 million members of the predominantly Muslim 6.3 million population, has been critical of government policies in the past year, [redacted] While Diouf has been able to restrict extremist Muslim fundamentalist activity backed by Iran and Libya, economic constraints are making it difficult for him to meet the demands of conservative Muslim leaders on whom he depends for critical political support. [redacted]

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Opposition Parties. In our view, prolonged austerity could provoke unrest among the politically aware urban population receptive to opposition party and labor activity. Although the left-leaning opposition parties have not constituted an alternative to Diouf's Socialist party to date, [redacted] a recently formed alliance of principal opposition parties is attempting to capitalize on the country's economic problems by criticizing Senegal's IMF-backed austerity program. Several of these parties have received limited Soviet and Libyan financial backing, according to US Embassy reporting, and we believe that if Diouf begins to falter they could fuel unrest among disgruntled segments of the urban population. [redacted] opposition leaders are trying to organize antiapartheid rallies in Dakar to embarrass Diouf in his role as OAU chairman and provoke a harsh government crackdown to further erode Diouf's popular support. [redacted]

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Urban Population. The need to satisfy the demands of urban dwellers, the poor, workers, and students, poses yet another difficult challenge. The urban poor, who according to press reports are forced to buy rice on the black market at three times the official rate, want lower food prices, and workers want cost of living increases and more jobs. The principal labor organization, the 60,000 member National Confederation of Senegalese Workers traditionally has allied itself with the government, but is now showing signs of restiveness over constraints imposed by its ties with the government. Moreover, the US Embassy reports that students and intellectuals have been angered over inadequate university facilities and the government's austerity policies. A strike called by leftist opposition parties prompted outbreaks of campus violence in the capital earlier this year--the worst since the 1960s, according to Embassy sources. [redacted]

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#### Foreign Policy Concerns

Diouf, according to his own statements, is highly suspicious of Soviet, Libyan and Iranian intentions in Africa and believes that only strong Western military and economic support can adequately protect the vulnerable region. We believe that Diouf will continue to pursue a moderate, pro-Western foreign policy, but he will need large amounts of Western assistance to keep the country financially afloat and able to counter Soviet and Libyan ambitions in the region. He has supported the West in international forums on such issues as South Africa, Afghanistan, and the KAL-007 incident and has backed Western efforts to secure the departure of Cuban troops from Angola. Dakar has committed troops to peacekeeping in Lebanon, Zaire, and Chad and continues to provide political backing for Chadian President Habre in his struggle against Libyan-backed rebels. [redacted]

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France, Senegal's most important military and economic benefactor, is obligated under a mutual defense agreement to intervene at Dakar's request if the country's security is threatened. Paris maintains important naval and air bases at Dakar manned by some 1,350 French troops, and about 20,000 French expatriates live in Senegal. France continues to be Senegal's largest single investor (\$62 million), financial donor, and source of technical and administrative assistance. In 1984, Paris provided \$124 million in economic aid and Diouf requested and received extraordinary French budget support totaling nearly \$17 million. Nevertheless, France's credibility as Senegal's protector was severely damaged by the withdrawal of French troops from N'Djamena last year, leaving Libya in control of Chad's northern region, according to press and Embassy reports. Since then, President Diouf on one occasion urged francophone African heads of state to distance themselves from the

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Mitterrand government and he looks increasingly to the United States to supplement French assistance. [redacted]

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### US Interests

Diouf believes that the United States should play a key role in bringing change to South Africa and relieving Africa's debt burdens. on both issues he will recommend calling international conferences to bring conflicting interests closer together. At the same time, we believe, he will look for an appreciative response in Washington for the moderating role he plans to play in the OAU and other international forums. [redacted]

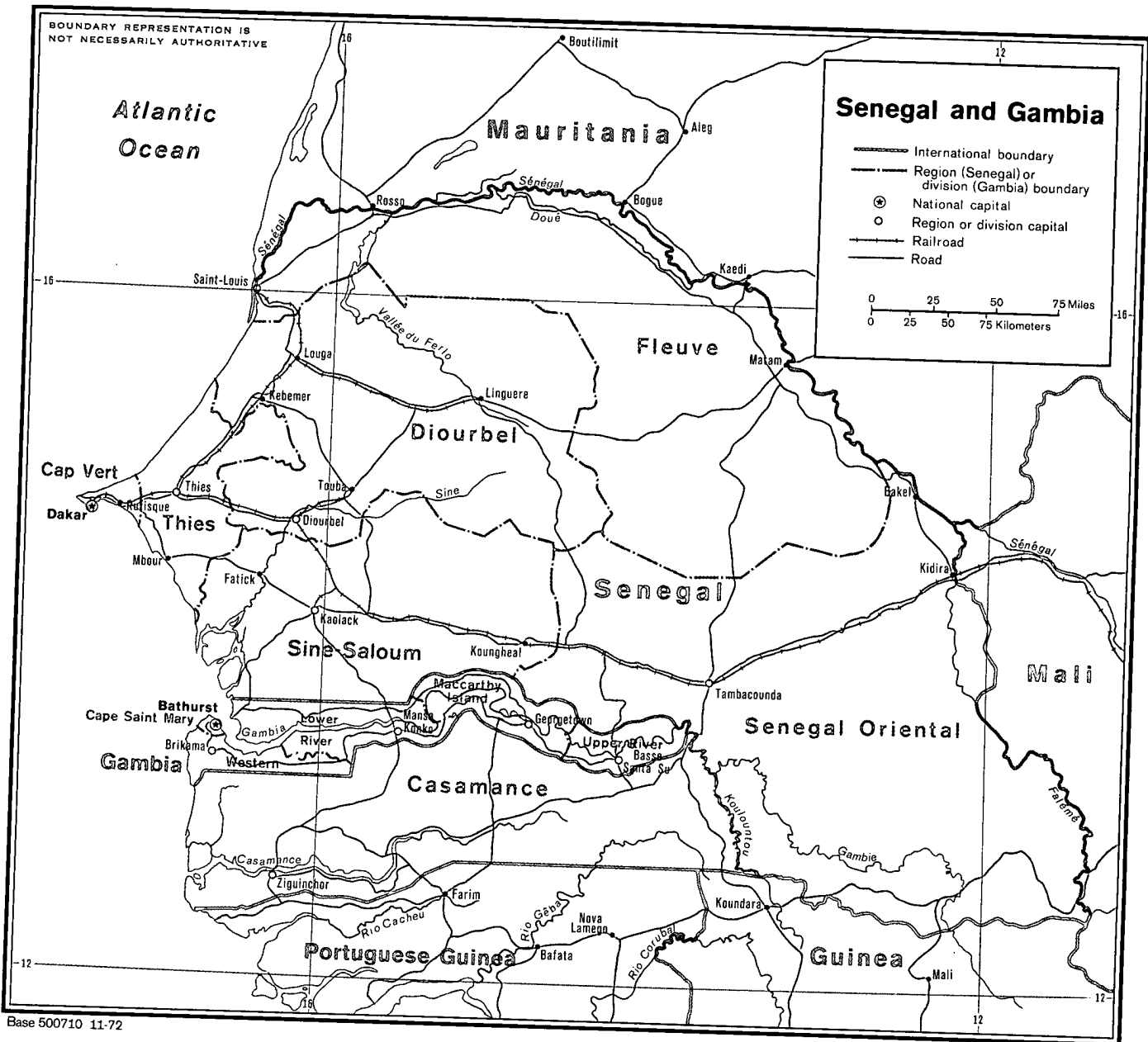
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Diouf who enjoys an international reputation as a pragmatic, hardworking, and capable African leader, will likely stress Senegal's political importance to the US--Senegal lies close to mid-Atlantic sea and air lanes, and is an important communications link between North America, Sub-Saharan Africa, and the South Atlantic. Dakar traditionally has accorded military air transit privileges to Western countries during international crises and gives the United States ad hoc landing rights for surveillance of Soviet naval task forces in the Atlantic. Under a 10-year access agreement signed in January 1983, Dakar airport serves as an emergency landing site for the NASA space shuttle. [redacted]

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US bilateral aid proposed for fiscal year 1986 will total \$51.6 million, including \$47.1 million in economic development and food assistance and \$4.5 million in military sales and training assistance, according to documentary sources. US private investment in Senegal totals approximately \$24 million, largely in petroleum marketing, phosphate mining, and pharmaceuticals. [redacted]

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SUBJECT: Senegal: President Diouf's Vulnerabilities [REDACTED]

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